

STATE OF CALIFORNIA

KATHLEEN CONNELL
Controller of California

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P.O. Box 942850
Sacramento, CA 94250-5878

DATE: June 14, 2001

PAYROLL LETTER #01-008

TO: All Agencies/Campuses in the Uniform State Payroll System

FROM: RALPH ZENTNER, Acting Chief
Personnel/Payroll Services Division
State Controller's Office

RE: **EDUCATIONAL ASSISTANCE CHANGE RE HR 1836**

This Payroll Letter announces an upcoming change resulting from the enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001 (HR 1836) which impacts Section 127 Educational Assistance provisions.

The annual \$5250 exclusion for employer provided Educational Assistance for undergraduate, career related and upward mobility training, set to expire on December 31, 2001, was permanently extended. Graduate level courses beginning after December 31, 2001 will also be covered under the annual \$5250 exclusion.

Revisions to the Payroll Procedures Manual are forthcoming. Should you have any questions regarding these changes, please contact Carol Sullivan, Tax Support Section at (916) 322-8072 or CALNET 492-8072 or via e-mail at csullivan@sco.ca.gov.

RZ:CS:TSS